

H. J. HEINZ COMPANY

makers of the 57 varieties

ANNUAL REPORT

for the year ended April 27th.

1955

ANNUAL REPORT OF
H. J. HEINZ COMPANY

Makers of the 57 Varieties

FOR THE YEAR ENDED APRIL 27, 1955



H. J. HEINZ COMPANY
BOX 57, PITTSBURGH 30, PA.

INDEX



Directors and Operating Executives	1
Summary of Consolidated Financial Results	2
President's Report to Stockholders and Employees	3
Accountants' Report	8
Statements of Consolidated Income	9
Consolidated Balance Sheets	10, 11
Statements of Consolidated Surplus	12
Notes to Financial Statements	13
Ten-Year Summary of Income Statements	14, 15
Heinz Locations Throughout the World	16, 17
Here are the 57 Varieties	18



TRANSFER AGENTS

City Bank Farmers Trust Company, New York, N.Y.
Mellon National Bank and Trust Company, Pittsburgh, Pa.

REGISTRARS

Guaranty Trust Company of New York, N.Y.
Fidelity Trust Company, Pittsburgh, Pa.

DIVIDEND DISBURSING AGENT

Mellon National Bank and Trust Company, Pittsburgh, Pa.

ANNUAL MEETING

Last Tuesday of August, 2 p.m., Pittsburgh, Pa.

H. J. HEINZ COMPANY

PITTSBURGH, PA.

BOARD OF DIRECTORS

*H. J. Heinz II	Charles Heinz	W. B. Cormack
*H. N. Riley	*Frank Armour, Jr.	P. K. Shoemaker
A. L. Schiel	*F. B. Cliffe	C. L. Rumberger
Franklin Bell	J. L. Given	F. T. Sherk
	*J. F. Allen	

*Member Executive Committee

EXECUTIVE OFFICE

H. J. Heinz II	President
H. N. Riley	Executive Vice President
Frank Armour, Jr.	Vice President
F. B. Cliffe	Vice President and Secretary
J. F. Allen	Vice President-Foreign Relations
Franklin Bell	Director of Advertising
C. A. Brinkman	Treasurer
Charles Heinz	Vice President—Personnel
F. C. Heinz	Vice President—Industry Relations

OPERATING EXECUTIVES

AUSTRALIA

H. J. HEINZ COMPANY, PTY. LTD.
Melbourne, Victoria

Resident Directors:

J. A. W. Ross	Managing Director
H. G. Dennett	Finance
W. N. Owen	General Sales Manager
G. K. Warner	Manufacturing

GREAT BRITAIN

H. J. HEINZ COMPANY, LTD.
London, England

Resident Directors:

W. B. Cormack	Managing Director
Sir Frank Shires	Deputy Managing Director
J. E. Hutchinson	Personnel
F. G. Crabb	Controller and Treasurer
A. G. Esslemont	Secretary
A. A. Morgan	Sales
B. A. Harris	Manufacturing
J. Eccles	Purchasing

CANADA

H. J. HEINZ COMPANY OF CANADA, LTD.
Leamington, Ontario

Resident Directors:

F. T. Sherk	Executive Vice President
M. S. Dixon	Manufacturing
G. C. Tilley	Comptroller, Treasurer & Secretary
L. D. Crimp	Sales and Advertising
E. V. Anderson	Purchasing

UNITED STATES

H. J. HEINZ COMPANY
Pittsburgh, Pa.

Frank Armour, Jr.	Vice President—U.S.A. Operations
N. E. Daniels	Vice President—Purchases
R. B. Gookin	Comptroller
B. D. Graham	Vice President—Marketing
C. L. Rumberger	Vice President—Research & Quality Control
J. D. Scott	General Sales Manager
P. K. Shoemaker	Vice President—Manufacturing
R. E. Jones	General Manager—Distribution

H. J. HEINZ COMPANY

AND SUBSIDIARIES

SUMMARY OF CONSOLIDATED FINANCIAL RESULTS

	Fiscal Year Ended		
	April 27, 1955	April 28, 1954	April 29, 1953
Net Sales.....	\$234,179,207	\$220,632,934	\$219,573,998
Net Income for the year.....	\$ 8,782,324	\$ 5,585,676	\$ 5,546,512
Net Income as a Percentage of Net Sales.....	3.8%	2.5%	2.5%
Net Income per Share of Common Stock.....	\$ 5.02	\$ 3.12	\$ 3.09
Dividends Paid on Preferred Stock.....	\$ 309,496	\$ 316,757	\$ 325,363
Dividends Paid on Common Stock.....	\$ 3,039,799	\$ 3,040,014	\$ 3,040,447
Dividends Paid per Share of Common Stock.....	\$ 1.80	\$ 1.80	1.80
Net Income Retained in Business.....	\$ 5,433,029	\$ 2,228,905	\$ 2,180,702
Net Income Retained per Share of Common Stock.....	\$ 3.22	\$ 1.32	\$ 1.29
Total Taxes Charged to Income.....	\$ 11,684,442	\$ 9,186,707	\$ 9,583,914
Total Taxes per Share of Common Stock.....	\$ 6.92	\$ 5.44	\$ 5.67
New Capital Obtained.....	\$ 5,284,000	\$ 1,575,000	\$ 4,225,000

PRESIDENT'S REPORT TO STOCKHOLDERS AND EMPLOYEES

Consolidated sales of H. J. Heinz Company, for its 86th fiscal year which ended April 27, 1955, were \$234,179,207, 6% greater than the previous fiscal year. Net income of \$8,782,324 was 57% more than the \$5,585,676 earned in 1954. This is equal to \$5.02 per share on common stock, after providing for preferred dividends.

Dividends were paid quarterly at annual rates of \$1.80 on common stock and \$3.65 on preferred stock. This represented the 44th consecutive year in which dividends were paid on the Company's common stock.

These and other pertinent financial results are shown on the opposite page and in the accountants' report beginning on Page 8.

HEINZ IN THE UNITED STATES

The entire food distribution system in this country is changing at an almost fantastic rate. The mushrooming shopping centers, super markets carrying a vastly expanded variety of both food and non-food products, mass merchandising, and drive-in restaurants are all characteristic of our times. We have made significant progress in every division of the business in adapting our operations to the changing demands of the market.

Marketing

As a result of careful re-evaluation of our advertising tools, we made some important revisions in our media pattern and became major users of television.

Last fall Heinz became a charter member of a group of national advertisers sponsoring the highly popular television program, "The Home Show," over the NBC-TV network. Our daytime viewing

audience is composed of homemakers who, we know, are receptive to suggestions for food preparation and purchases.

We also sponsor "Studio 57," a half-hour evening television presentation of diversified dramatic films which brings our advertising message to the entire family.

This spring we added a third television show, "Captain Gallant of the Foreign Legion." Filmed in North Africa with the cooperation of the French Government, the program stars the former Olympic swimming champion, Buster Crabbe and his son, Cuffy. Appearing at a popular late Sunday afternoon hour, the Captain Gallant series is wholesome entertainment directed primarily to the younger audience whose influence on family buying habits is firmly established.

In total, 20,000,000 television sets are tuned to Heinz programs each month.

Toward the close of the fiscal year we launched a nationwide "Cook with Ketchup" contest to stimulate the use of Heinz Ketchup as a recipe ingredient. Supported by aggressive advertising, the contest offered \$25,000 in prizes to women who submitted the best recipes using Heinz Ketchup. Participation has been excellent and is adding to the sales volume of the country's best-selling Ketchup.

Distribution

We have made important progress in making more Heinz products available in more stores to more consumers.

We are gradually modifying our traditional distribution system of direct selling and delivery to retail stores by utilizing the services of well-

organized, effective retail buying groups. We have adopted this method of distribution in markets where established buying groups can provide improved delivery service at lower cost to our customers.

This change in distribution will enable our sales force of approximately 1400 men to devote more time to in-store merchandising and to assisting distributors and retail grocers in promoting the sale of our products.

We are expanding our salesmen's training program to obtain maximum efficiency and sales productivity.

Heinz salesmen will continue to sell direct to corporate grocery chains and to hotels, restaurants and institutions. Since this is a specialized type of selling and distribution, we believe our own sales force and distribution system will continue to function efficiently and that our sales volume in this area will continue to increase satisfactorily.

New Products

At the close of the fiscal year we announced our entry into the field of geriatrics with a uniquely new ready-to-serve product, provocatively called "Senior Foods."

We are venturing into an exciting and challenging new market. The number of "seniors" in our population is on the increase as life expectancy rises. We are making an initial step towards satisfying at least some of the special nutritional requirements of those of advancing years.

We recognize that the successful introduction of these products involves the solution of some unique marketing problems. We must overcome the natural reluctance of "seniors" to admit to themselves their need for special foods and we face the difficulty of changing long established food habits.

The enthusiastic response of consumers and nutritionists to the announcement of our initial test marketing of Senior Foods has convinced us

the American people are receptive to this new development.

Our entry into the geriatric field is a perfectly natural result of our 86 years' experience in food processing and our long interest and activity in applied nutritional research.

Senior Foods—Beef Stew, Lamb Stew, and Chicken Stew—are high in proteins, calcium and iron content and low in calories, and are produced without the addition of salt. Packed in 8½-ounce individual service tins, these products will be market tested in Cincinnati this summer and in St. Petersburg, Florida, later in the year.

We are optimistic about the market potential of the newest of the "57 Varieties." Prepared as they are to meet the special requirements of a specific segment of the processed food market, we believe the introduction of Senior Foods is as significant as the beginning of the Baby Food business was a generation ago. From our viewpoint, babies eat Strained and Junior Foods for only two years while older people should be consumers of Senior Foods for an average of fifteen years.

Today there are approximately 18½ million persons in the United States who are 60 years of age and over, as compared to only 8 million in 1920. Census figures show that by 1960 there will be 23½ million people in the over 60 group.

Among new products introduced in the fiscal year were a number of Baby Foods including Strained Macaroni, Tomato, Beef and Bacon; Junior Creamed Carrots; and Junior Green Beans and Potatoes. Strained and Junior Meats packed in glass containers were introduced on a regional basis during the 1954 fiscal year. This year they have been introduced nationally and the rapid acceptance by consumers and the important share of the market they have already attained ranks them among our most promising varieties.

Another interesting new variety is Savory Sauce, which is a piquant sweet-sour sauce with a distinctive fruity flavor—for meat, game and poultry.

Other products which were market tested during

the year and which will be introduced in the coming year included: Strained Cream Spinach; Strained Split Peas, Vegetables and Bacon; Baby Teething Biscuits; Barbecue Relish; Candied Dill Strips; Kosher Dill Sandwich Chips; Sweet Cucumber Disks and Kosher Dill Spears.

New Facilities

Last February, we announced that during the next two-year period all production at the Company's Berkeley, California, factory would be transferred to our plant at Tracy, California, which will become the headquarters of our West Coast manufacturing operations.

The decision to move from Berkeley was a difficult one, for our roots had grown deep there in the friendly atmosphere of the Bay area. However, the move was inevitable in the face of growing congestion in the neighborhood of the factory and the difficulties encountered in transporting raw materials from growing areas.

Our announcement of the ultimate closing of the Berkeley factory was made in ample time so that where necessary an unhurried adjustment could be made by employees.

In contrast to our reluctance to leave Berkeley is our enthusiasm for the contemplated consolidation of operations and the expansion of facilities at Tracy. Here we have a relatively new factory with ample room for growth and development in the heart of the rich growing area of the San Joaquin Valley.

A new warehouse is being erected and additional factory equipment installed at Tracy. Efficiencies of operating in a central manufacturing location are attractive and should result in lower costs, coupled with better service to our customers.

A new sales branch and warehouse is being constructed in the Central Manufacturing District of Los Angeles to replace the facilities we surrendered to the State of California for a new free-way. The new location is more favorably

situated and will be more efficient for our distribution in the Los Angeles area.

At Holland, Michigan, and at Muscatine, Iowa, our factories are being modernized and expanded. In both of these Midwest locations, production facilities will be improved and greater operational efficiencies achieved. We also have completed construction of a new sub-warehouse at Wheeling, West Virginia, to better service our growing business in that area.

INTERNATIONAL ORGANIZATION

Our consolidated net income, the highest we have ever attained, to a major degree was the result of substantial contributions made by our affiliated companies located outside the United States. Approximately two-thirds of our total income originated in foreign countries. While each affiliated company is directed by a resident Board of Directors, with operational responsibilities vested in a Vice President or Managing Director, the International Company is closely knit in policy and spirit. Numerous inter-company visits by key personnel throughout the year maintain the flow of management philosophy and sales and production techniques between all units.

HEINZ IN GREAT BRITAIN

Sales exceeded those of the previous year by 28% in volume and 24% in value. The increase in tonnage is the highest ever recorded in the Company's history. It reflects in a most satisfactory manner the consumers' recognition of and insistence upon products of proven and outstanding quality. Now that availability of the right materials has enabled us to increase our production we should continue to benefit from this trend. Export sales reached a new high level and showed an increase of over 6% in volume.

The principal trends in the British economy during the year were better industrial production, increased wages and earnings and greater personal

consumption. Unemployment dropped to the lowest level on record. The increase in manufactured food production was approximately 2%, while Heinz production increased 24%.

Development of plans for the construction of a new factory at Kitt Green, in Lancashire, progressed steadily. We completed the purchase of 130 acres of land, a tract ample to provide for present requirements as well as for future expansion. It is expected that construction will begin in August of this year and that the factory will be in production by September, 1957.

A review of the British Company's long-term sales forecasts and production requirements indicates that in addition to the new factory at Kitt Green, which is designed to replace our currently leased facilities at Standish, we will need considerable expansion of equipment and processing facilities at our Harlesden factory. It is also likely that we will require expansion of warehouse facilities in various provincial towns.

Because of the projected capital expenditures at Kitt Green, Harlesden and elsewhere during the next four to five years, it was necessary for the British Company to provide for additional permanent capital. Arrangements were completed in September, 1954, to increase the Company's authorized capital from £6,000,000 to £7,500,000 by the issuance of 1,500,000 redeemable cumulative preference shares of £1 each, ranking *pari passu* with the existing 1,500,000 preference shares. The dividend rate on the existing 1,500,000 redeemable cumulative preference shares was increased from 4% to 4½% per annum.

Arrangements also were made for the whole of the 3,000,000 4½% cumulative redeemable preference shares to be listed on the London Stock Exchange.

HEINZ IN CANADA

The Canadian Company experienced another record-breaking year, both in profits and sales.

The Canadian Company continues to dominate the Baby Food field in Canada. During the past year we introduced 24 new Baby Food varieties, bringing the total number of varieties to 88, and we are continuing experimental work on other varieties.

Our Canadian Company now has two television shows, adding to the force of our advertising program in the Dominion. The "I Love Lucy" show is sponsored over the entire Canadian network and the "Guy Lombardo Show" is sponsored nationally, except in Ontario.

Much was accomplished during the fiscal year in the improvement of manufacturing facilities. The world's fastest Baby Food machine which is capable of filling and capping 1,000 Baby Food tins per minute, was successfully installed at the Leamington factory. The machine was developed by the Continental Can Company with the collaboration of our own engineering staff.

HEINZ IN AUSTRALIA

The Australian Company has completed the fiscal year with the largest volume of business in its history, continuing the improvement indicated last year. Sales increased by 13% over 1954.

While Strained and Junior Foods are relatively new in Australia, our Baby Food business showed a highly satisfactory growth. Sales of Strained Foods increased. Junior Foods, which were introduced last August, were tested and recommended by pediatricians and baby health centers and gained virtually immediate acceptance. During the year we added 12 new varieties to our Baby Food line and are confident of further gains in sales volume.

Established products such as Soups, Baked Beans and Spaghetti maintained their sales position in a highly competitive market.

The new Dandenong factory is nearing completion. Despite an acute shortage of labor in the building trades, the construction schedule was

maintained throughout the year. The factory went into production early in April with the processing of Tomato Paste. Other operations will gradually be moved to Dandenong, which will be in full production by August.

The Dandenong factory will permit concentration of all of our production facilities in one location. Shortly after the close of the fiscal year we were successful in completing the sale of our Devon Cannery in Tasmania which we had operated since 1944. We hope to sell our Melbourne factory this year.

ORGANIZATION CHANGES

Several executive personnel changes were effected during the year.

J. F. Allen, Assistant to the President, has been elected a member of the Executive Committee and has been appointed Vice President of Foreign Operations.

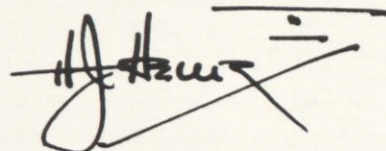
J. H. Letsche and A. C. Coney retired from the

Board of Directors in January, 1955. F. T. Sherk, Executive Vice President, H. J. Heinz Company of Canada, Ltd., was elected to the Board of Directors to succeed Mr. Letsche.

THE OUTLOOK

The fiscal year of 1956 promises even greater opportunities than the successful year just closed. Economic conditions are favorable in all countries. Changes that we have made in the recent years in our organization structure, sales and marketing policies, in manufacturing processes and in distribution methods have been productive and are steadily gaining in effectiveness.

I earnestly believe that we are making more progress today than at any time in our history. The record of the past year has been most encouraging and the prospects for the coming year are heartening. Our organization is competent and prepared to seize every opportunity for further growth.

A handwritten signature in dark ink, appearing to read "H. J. Heinz", with a horizontal line drawn above it.

PEAT, MARWICK, MITCHELL & CO.

CERTIFIED PUBLIC ACCOUNTANTS

HENRY W. OLIVER BUILDING

PITTSBURGH 22, PA.

ACCOUNTANTS' REPORT

To the Stockholders,
H. J. Heinz Company:

We have examined the consolidated balance sheet of H. J. Heinz Company and subsidiaries as of April 27, 1955 and the related statements of income and surplus for the fiscal year then ended. Our examination, which included the Company and its Canadian subsidiary but did not include the British and Australian subsidiaries (which are of major importance), was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. As regards the British and Australian subsidiaries, the accounts of which are incorporated in the accompanying consolidated financial statements, as indicated in Note 1, we have been furnished the reports of other independent accountants.

In our opinion, based on our examination and on the reports of other independent accountants, the accompanying consolidated balance sheet and statements of consolidated income and surplus present fairly the financial position of H. J. Heinz Company and subsidiaries at April 27, 1955 and the results of their operations for the fiscal year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.

June 10, 1955

H. J. HEINZ COMPANY

AND SUBSIDIARIES

STATEMENTS OF CONSOLIDATED INCOME

	Fiscal year ended	
	April 27, 1955	April 28, 1954
NET SALES.....	\$234,179,207	\$220,632,934
COST OF SALES.....	151,890,465	149,499,095
GROSS PROFIT.....	82,288,742	71,133,839
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (including payments under management profit sharing plan of \$446,763 in 1955).....	61,930,143	57,045,222
OPERATING PROFIT (after provision for depreciation of \$3,158,042 in 1955).	20,358,599	14,088,617
OTHER INCOME.....	475,452	124,452
	20,834,051	14,213,069
OTHER DEDUCTIONS:		
Interest expense.....	965,028	1,328,699
Provision for estimated liability under management profit sharing plan.....	809,987	329,655
Miscellaneous.....	525,000	—
	2,300,015	1,658,354
	18,534,036	12,554,715
PROVISION FOR TAXES ON INCOME:		
Federal normal and surtax.....	3,572,865	2,370,815
Foreign income and excess profits taxes.....	5,574,400	4,286,340
	9,147,265	6,657,155
	9,386,771	5,897,560
DEDUCT Income applicable to interests in British subsidiary held by others...	604,447	311,884
NET INCOME FOR THE YEAR.....	\$ 8,782,324	\$ 5,585,676

(See accompanying notes to financial statements)

H. J. HEINZ COMPANY

AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS

	April 27, 1955	April 28, 1954
CURRENT ASSETS:		
Cash	\$ 8,560,479	\$ 7,290,218
Marketable securities—at cost, approximating market	555,005	—
Accounts receivable:		
Trade, less allowance for doubtful accounts	16,060,630	15,352,915
Sundry	1,425,301	832,253
Inventories—at average cost or replacement market whichever lower:		
Finished goods	48,876,559	53,039,120
Work in process	5,917,213	4,967,755
Ingredient and packaging materials	26,003,751	26,506,544
	<u>80,797,523</u>	<u>84,513,419</u>
Prepaid insurance, supplies, taxes and sundry	2,916,300	2,453,517
Total current assets	<u>110,315,238</u>	<u>110,442,322</u>
OTHER ASSETS:		
Investment in non-consolidated Spanish subsidiary—at cost, less advances (Note 1)	207,814	230,537
Miscellaneous	780,039	645,266
	<u>987,853</u>	<u>875,803</u>
FIXED ASSETS:		
Land—at cost	2,890,985	2,711,951
Buildings and leasehold improvements—at cost, less accumulated depreciation of \$11,033,574 in 1955	25,825,683	24,412,845
Equipment and fixtures—at cost, less accumulated depreciation of \$24,441,627 in 1955	27,835,339	25,734,145
Lug boxes, baskets and pallets—at cost, less amortization	690,100	976,663
	<u>57,242,107</u>	<u>53,835,604</u>
	<u>\$168,545,198</u>	<u>\$165,153,729</u>

(See accompanying notes to financial statements)

H. J. HEINZ COMPANY

AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

LIABILITIES

	<u>April 27, 1955</u>	<u>April 28, 1954</u>
CURRENT LIABILITIES:		
Notes payable and loans on open credit (including portion of long-term debt due within one year)	\$ 2,160,460	\$ 12,881,282
Accounts payable and accrued expenses	15,500,889	14,174,810
Estimated liability for Federal and foreign taxes on income	6,817,288	6,157,043
Total current liabilities	<u>24,478,637</u>	<u>33,213,135</u>
 LONG-TERM DEBT AND OTHER LIABILITIES:		
2.90% promissory notes—principal due from 1957 to 1969	13,470,000	13,980,000
3.25% serial notes of Canadian subsidiary—principal due from 1956 to 1959 . .	900,000	1,125,000
4.25% promissory notes of Australian subsidiary—principal due from 1957 to 1976	6,955,000	5,171,000
Liabilities under management profit sharing plan, less portion payable within one year	4,290,470	3,709,623
Other non-current liabilities	4,384,800	2,822,820
	<u>30,000,270</u>	<u>26,808,443</u>
 INTERESTS IN BRITISH SUBSIDIARY HELD BY OTHERS, including preference shares at redemption value	<u>9,883,220</u>	<u>5,912,931</u>
 CAPITAL STOCK AND SURPLUS:		
Cumulative preferred stock—authorized 183,997 shares—par value \$100 per share—issuable in series:		
3.65% series—authorized, issued and outstanding 83,997 shares in 1955 (Note 2)	8,399,700	8,597,700
Common stock—authorized 2,000,000 shares—par value \$25 per share—issued and outstanding 1,688,897	42,222,425	42,222,425
Capital surplus	6,339,230	6,610,408
Earned surplus:		
Reserved for future inventory price decline, possible loss in foreign assets and other contingencies	5,000,000	5,000,000
Unappropriated (Notes 1 and 3)	42,221,716	36,788,687
	<u>104,183,071</u>	<u>99,219,220</u>
	<u>\$168,545,198</u>	<u>\$165,153,729</u>

(See accompanying notes to financial statements)

H. J. HEINZ COMPANY

AND SUBSIDIARIES

STATEMENTS OF CONSOLIDATED SURPLUS

CAPITAL SURPLUS	Fiscal year ended	
	April 27, 1955	April 28, 1954
AMOUNT AT BEGINNING.....	\$ 6,610,408	\$ 6,596,319
EXCESS OF COST over par value of preferred stock retired.....	42	—
EXCESS OF PAR VALUE over cost of preferred stock retired.....	—	14,089
	<u>6,610,366</u>	<u>6,610,408</u>
DEDUCT EXPENSES of issue and redemption premium on preference shares issued at par value by British subsidiary during year, less amount applicable to ordinary shares held by minority interests.....	<u>271,136</u>	<u>—</u>
AMOUNT AT END.....	<u>6,339,230</u>	<u>6,610,408</u>
UNAPPROPRIATED EARNED SURPLUS		
AMOUNT AT BEGINNING.....	36,788,687	34,559,782
ADD NET INCOME FOR THE YEAR.....	<u>8,782,324</u>	<u>5,585,676</u>
	<u>45,571,011</u>	<u>40,145,458</u>
DEDUCT DIVIDENDS PAID:		
On preferred stock—3.65 % series.....	309,496	316,757
On common stock—\$1.80 per share.....	<u>3,039,799</u>	<u>3,040,014</u>
	<u>3,349,295</u>	<u>3,356,771</u>
AMOUNT AT END.....	<u>\$ 42,221,716</u>	<u>\$ 36,788,687</u>

(See accompanying notes to financial statements)

H. J. HEINZ COMPANY

AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

(1) *Principles of consolidation:*

The consolidated financial statements, as in prior years, include the company and all operating subsidiary companies with the exception of the Spanish subsidiary. Consolidated net assets were located as follows:

	<u>April 27, 1955</u>	<u>April 28, 1954</u>
United States.....	\$ 71,511,223	\$ 70,982,675
Canada.....	13,529,232	12,953,435
British Isles.....	26,361,360	18,730,459
Australia.....	2,664,476	2,465,582
Total net assets.....	114,066,291	105,132,151
Minority interest in British Isles.....	9,883,220	5,912,931
Consolidated net assets.....	<u>\$104,183,071</u>	<u>\$ 99,219,220</u>

All assets, except fixed assets, and all liabilities, except long-term debt, of the foreign subsidiaries have been converted generally at rates of exchange prevailing at the end of the fiscal year; fixed assets and long-term debt have been stated at their approximate United States dollar equivalent at the time of acquisition. The realization in U. S. dollars of assets located in the British Isles and in Australia is limited by currency and other restrictions of those countries.

Of the net income for the year \$5,842,822 originated from foreign subsidiaries consolidated.

Operating accounts (other than depreciation which was based upon the approximate equivalent dollar cost of fixed assets) were converted generally at average rates of exchange prevailing during the fiscal year. The income of the company from dividends declared and paid by foreign subsidiaries during the year amounted to \$1,885,241 before foreign taxes on such dividends.

At April 27, 1955, the net assets of the Spanish subsidiary, as shown by unaudited financial statements, amounted to approximately \$83,000.

(2) *Cumulative preferred stock:*

The 3.65% series cumulative preferred stock is, until October 1, 1957, callable at \$105.75 per share or redeemable through the sinking fund at a maximum of \$104.25 per share and at decreasing prices thereafter. A payment, not exceeding \$200,000, is required to be made to the sinking fund on or before October 1 of each year.

(3) *Earned surplus:*

Under the provisions of the 2.90% promissory notes, the portion of the consolidated earned surplus which is unrestricted as to the payment of cash dividends on the common stock is not less than \$20,759,858.

H. J. HEINZ COMPANY

AND SUBSIDIARIES

SUMMARY OF INCOME STATEMENTS

	FISCAL YEARS ENDED		
	April 27, 1955	April 28, 1954	April 29, 1953
Net sales	\$234,179,207	\$220,632,934	\$219,573,998
Cost of sales	<u>151,890,465</u>	<u>149,499,095</u>	<u>147,268,476</u>
Gross profit	82,288,742	71,133,839	72,305,522
Selling, general and administrative expenses	<u>61,930,143</u> <u>20,358,599</u>	<u>57,045,222</u> <u>14,088,617</u>	<u>57,720,550</u> <u>14,584,972</u>
Other income—including foreign exchange adjustments	<u>475,452</u> <u>20,834,051</u>	<u>124,452</u> <u>14,213,069</u>	<u>310,310</u> <u>14,895,282</u>
Other deductions—including interest expense and provision for management profit-sharing	<u>2,300,015</u> <u>18,534,036</u>	<u>1,658,354</u> <u>12,554,715</u>	<u>1,682,204</u> <u>13,213,078</u>
Provision for taxes on income	<u>9,147,265</u> <u>9,386,771</u>	<u>6,657,155</u> <u>5,897,560</u>	<u>7,374,583</u> <u>5,838,495</u>
Deduct income applicable to interests in British subsidiary held by others	<u>604,447</u>	<u>311,884</u>	<u>291,983</u>
Net income for the year	<u>8,782,324</u>	<u>5,585,676</u>	<u>5,546,512</u>
Appropriated for possible future inventory price decline, possible loss in foreign assets and other contingencies	—	—	—
Balance of net income—to earned surplus	<u>\$ 8,782,324</u>	<u>\$ 5,585,676</u>	<u>\$ 5,546,512</u>
Balance of net income per share of common stock—after preferred dividends	\$5.02	\$3.12	\$3.09
Cash dividends per share of common stock	1.80	1.80	1.80

(A) Per share figures have been adjusted for 1951 and prior years to give effect to the 20% stock distribution in October, 1951; and for fiscal year 1946, to give effect to the conversion of 4 shares for 1 share in October, 1946.

H. J. HEINZ COMPANY

AND SUBSIDIARIES

SUMMARY OF INCOME STATEMENTS

FISCAL YEARS ENDED						
April 30, 1952	May 2, 1951	May 3, 1950	April 30, 1949	April 30, 1948	April 30, 1947	April 30, 1946
\$205,991,208	\$189,098,235	\$170,508,252	\$174,877,723	\$169,455,201	\$144,245,863	\$114,150,564
<u>139,916,553</u>	<u>124,567,518</u>	<u>116,433,519</u>	<u>120,105,287</u>	<u>118,163,726</u>	<u>99,968,218</u>	<u>79,895,611</u>
66,074,655	64,530,717	54,074,733	54,772,436	51,291,475	44,277,645	34,254,953
<u>54,599,606</u>	<u>48,157,298</u>	<u>45,016,235</u>	<u>43,351,189</u>	<u>40,623,698</u>	<u>29,750,557</u>	<u>24,652,220</u>
<u>11,475,049</u>	<u>16,373,419</u>	<u>9,058,498</u>	<u>11,421,247</u>	<u>10,667,777</u>	<u>14,527,088</u>	<u>9,602,733</u>
859,195	1,026,856	173,064	506,953	433,736	702,443	118,275
<u>12,334,244</u>	<u>17,400,275</u>	<u>9,231,562</u>	<u>11,928,200</u>	<u>11,101,513</u>	<u>15,229,531</u>	<u>9,721,008</u>
<u>1,336,512</u>	<u>1,645,513</u>	<u>1,179,647</u>	<u>1,114,622</u>	<u>575,052</u>	<u>461,401</u>	<u>379,051</u>
<u>10,997,732</u>	<u>15,754,762</u>	<u>8,051,915</u>	<u>10,813,578</u>	<u>10,526,461</u>	<u>14,768,130</u>	<u>9,341,957</u>
5,010,950	8,197,525	3,567,234	4,291,976	4,493,137	6,163,844	4,661,065
<u>5,986,782</u>	<u>7,557,237</u>	<u>4,484,681</u>	<u>6,521,602</u>	<u>6,033,324</u>	<u>8,604,286</u>	<u>4,680,892</u>
174,423	134,702	120,664	70,554	—	—	—
<u>5,812,359</u>	<u>7,422,535</u>	<u>4,364,017</u>	<u>6,451,048</u>	<u>6,033,324</u>	<u>8,604,286</u>	<u>4,680,892</u>
—	—	—	—	1,000,000	2,500,000	628,808
<u>\$ 5,812,359</u>	<u>\$ 7,422,535</u>	<u>\$ 4,364,017</u>	<u>\$ 6,451,048</u>	<u>\$ 5,033,324</u>	<u>\$ 6,104,286</u>	<u>\$ 4,052,084</u>
\$3.25	\$4.19(A)	\$2.38	\$3.61	\$2.77	\$3.45	\$2.66
1.80	1.50(A)	1.50	1.50	1.50	1.38	1.25

HEINZ LOCATIONS THROUGHOUT THE WORLD

UNITED STATES

PRINCIPAL EXECUTIVE OFFICE: *Pittsburgh, Pa.*

WAREHOUSES AND SALES OFFICES

Albany, N.Y.	Des Moines, Iowa	Los Angeles, Calif.	*Pittsburgh, Pa.
Atlanta, Ga.	*Detroit, Mich.	Louisville, Ky.	Portland, Ore.
Baltimore, Md.	Duluth, Minn.	Memphis, Tenn.	Rock Island, Ill.
Birmingham, Ala.	Fort Wayne, Ind.	Milwaukee, Wis.	Salt Lake City, Utah
*Boston, Mass.	Grand Rapids, Mich.	Newark, N.J.	San Antonio, Texas
Buffalo, N.Y.	Greensboro, N.C.	New Orleans, La.	Seattle, Wash.
*Chicago, Ill.	Hartford, Conn.	*New York, N.Y.	Sioux City, Iowa
Cincinnati, Ohio	Houston, Texas	*Oakland, Calif.	Spokane, Wash.
Cleveland, Ohio	Huntington, W.Va.	Oklahoma City, Okla.	*St. Louis, Mo.
Columbus, Ohio	Indianapolis, Ind.	Omaha, Neb.	St. Paul, Minn.
*Dallas, Texas	Jacksonville, Fla.	Peoria, Ill.	Youngstown, Ohio
Denver, Colo.	Johnstown, Pa.	*Philadelphia, Pa.	
	Kansas City, Mo.		*Regional Sales Headquarters

SUB-WAREHOUSES

Allentown, Pa.	Knoxville, Tenn.	Portland, Me.	Toledo, Ohio
Clarksburg, W.Va.	Miami, Fla.	Providence, R.I.	Washington, D.C.
Columbia, S.C.	Nashville, Tenn.	Savannah, Ga.	Wheeling, W.Va.
Dayton, Ohio	Norfolk, Va.	Scranton, Pa.	Wichita, Kans.
Harrisburg, Pa.	Paterson, N.J.	Syracuse, N.Y.	
	Phoenix, Ariz.	Tampa, Fla.	

PROCESSING PLANTS

Berkeley, Calif.	Fremont, Ohio	Muscatine, Iowa	Tracy, Calif.
Bowling Green, Ohio	Holland, Mich.	Pittsburgh, Pa.	Watsonville, Calif.
Chambersburg, Pa.	Medina, N.Y.	Salem, N.J.	Winchester, Va.

SALTING HOUSE DISTRICT HEADQUARTERS

Big Rapids, Mich.	Greeley, Colo.	Isleton, Calif.	Portage, Wis.
Fremont, Mich.	Holland, Mich.	Plymouth, Ind.	Saginaw, Mich.

Numerous vegetable and pickle receiving stations operate in the areas surrounding the plants and salting houses.

CANADA

H. J. HEINZ COMPANY OF CANADA, LTD.

HEAD OFFICE: *Leamington, Ontario*

WAREHOUSES AND SALES BRANCHES

Calgary, Alta.	Leamington, Ont.	Regina, Sask.	*Vancouver, B.C.
Edmonton, Alta.	*Montreal, Que.	St. John, N.B.	Windsor, Ont.
Halifax, N.S.	Ottawa, Ont.	Sudbury, Ont.	Winnipeg, Man.
Hamilton, Ont.	Quebec, Que.	*Toronto, Ont.	

**Regional Sales Headquarters*

SUB-WAREHOUSES

Fort William, Ont.	Lethbridge, Alta.	Victoria, B.C.
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PROCESSING PLANTS: Leamington, Ont.; Wallaceburg, Ont.

SALTING STATION: Teeswater, Ont.

GREAT BRITAIN

H. J. HEINZ COMPANY, LTD.

HEAD OFFICE: *London*

SALES BRANCHES

Belfast	Bristol	*Edinburgh	Ipswich	*London	Nottingham	Rochester
Birmingham	Cardiff	Glasgow	Leeds	*Manchester	Plymouth	Sheffield
Bradford	Dundee	Hull	Liverpool	Newcastle	Preston	Southampton

**Regional Sales Headquarters*

PROCESSING PLANTS: London; Standish

AUSTRALIA

H. J. HEINZ COMPANY, PTY. LTD.

HEAD OFFICE: *Melbourne, Victoria*

SALES BRANCHES

Adelaide, South Australia	Brisbane, Queensland	Melbourne, Victoria	Perth, Western Australia
	Sydney, New South Wales		

PROCESSING PLANTS: Melbourne, Victoria; Dandenong, Victoria

SPAIN

H. J. HEINZ COMPANY (ESPANA) S. L.

HEAD OFFICE: *Seville*

PROCESSING PLANT: *Seville*

From these business locations throughout the world, our products are distributed to hundreds of thousands of large and small stores, hotels, restaurants and other institutions in more than 200 countries and territories.

HERE ARE THE 57 VARIETIES

1. Heinz Beans with Pork and Tomato Sauce.
2. Heinz Beans—Boston Style.
3. Heinz Beans—New England Style.
4. Heinz Beans in Tomato Sauce.
5. Heinz Chili Con Carne.
6. Heinz Condensed Split Pea Soup.
7. Heinz Condensed Cream of Pea Soup.
8. Heinz Condensed Cream of Mushroom Soup.
9. Heinz Condensed Cream of Tomato Soup.
10. Heinz Condensed Cream of Celery Soup.
11. Heinz Condensed Beef Noodle Soup.
12. Heinz Condensed Bean Soup.
13. Heinz Condensed Gumbo Creole Soup.
14. Heinz Condensed Chicken Soup with Rice.
15. Heinz Condensed Chicken Noodle Soup.
16. Heinz Condensed Cream of Chicken Soup.
17. Heinz Condensed Clam Chowder.
18. Heinz Condensed Consomme (Chicken).
19. Heinz Condensed Beef Soup with Vegetables.
20. Heinz Condensed Vegetable Soup with Beef Stock.
21. Heinz Condensed Vegetarian Vegetable Soup.
22. Heinz Mince Meat.
23. Heinz Puddings—Fig and Plum.
24. Heinz Spaghetti, Tomato Sauce and Cheese.
25. Heinz Macaroni with Cheese Sauce.
26. Heinz Pure Fruit Jellies.
27. Heinz Stews—Lamb, Beef,
Chicken with Dumplings.
28. Heinz Minute Meals—Beef Goulash,
Chicken Noodle Dinner, Chop Suey,
Macaroni Creole, Spanish Rice.
29. Heinz Ready-to-Serve Soups.
30. Heinz Pickles—Sweet and Sour.
31. Heinz Genuine Dill Pickles.
32. Heinz Processed Dill Pickles.
33. Heinz Kosher Dill Pickles.
34. Heinz Fresh Cucumber Pickle.
35. Heinz India Relish.
36. Heinz Barbecue Relish.
37. Heinz Hot Dog Relish.
38. Heinz Hamburger Relish.
39. Heinz Pickled Onions—Sweet and Sour.
40. Heinz Pre-Cooked Cereals for Infants.
41. Heinz Teething Biscuits.
42. Heinz Strained Orange Juice.
43. Heinz Strained Fruits.
44. Heinz Strained Vegetables.
45. Heinz Strained Meats.
46. Heinz Strained Desserts.
47. Heinz Junior Fruits.
48. Heinz Junior Vegetables.
49. Heinz Junior Meats.
50. Heinz Junior Desserts.
51. Heinz Prepared Mustard.
52. Heinz Tomato Juice.
53. Heinz Tomato Ketchup.
54. Heinz Chili Sauce.
55. Heinz Sauces—Savory,
Worcestershire, 57.
56. Heinz Dehydrated Horse Radish.
57. Heinz Vinegars—Cider, White,
Malt, Tarragon.

